

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.06)

Unit Name* Township of Winsor	County* HURON	Type* TOWNSHIP	MuniCode* 32-1-120
Opinion Date-Use Calendar* Jul 2, 2008	Audit Submitted-Use Calendar* Sep 2, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 213,398.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 210,428.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 129,332.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 172,689.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Brian	Last Name* Hazard	Ten Digit License Number* 1101014007		
CPA Street Address* 7274 Hartley Street	City* Pigeon	State* MI	Zip Code* 48755	Telephone* +1 (989) 453-3122
CPA Firm Name* Nietzke & Faupel, PC	Unit's Street Address* 29 S. Main Street	Unit's City* Pigeon	Unit's Zip* 48755	

**TOWNSHIP OF WINSOR
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2008**

TOWNSHIP OF WINSOR

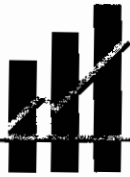
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TOWNSHIP OF WINSOR

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Nietzke & Faupel, PC

Partners: Donald C. Faupel, CPA Jeffrey P. Bushey, CPA

Consultant: Allan W. Nietzke, CPA

Principals: Eugene R. Gascho, COO

Brian V. Hazard, CPA JoAnn E. Lakie, CPA

Members of: Michigan Association of Certified Public Accountants • American Institute of Certified Public Accountants

CPA's On Your Team

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board Members
Township of Winsor
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Winsor, Huron County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township of Winsor's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Winsor's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Winsor, Huron County, Michigan, as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages iii through vi and 16 through 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

(Continued)

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Circular 230 Disclosure: To the extent the above contains an opinion on one or more federal tax issues, such opinion was not written to be used and cannot be used for the purpose of avoiding penalties.

Independent Auditor's Report (Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Winsor's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nietzke & Faupel, PC
NIETZKE & FAUPEL, P.C.
PIGEON, MICHIGAN

July 2, 2008

Our discussion and analysis of Winsor Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The following points represent the most significant financial highlights for the year ended March 31, 2008. These points are discussed in further detail in this discussion and analysis.

- The Fund balance in the general fund increased from \$126,362 to \$129,332 during the past year. The increase of \$2,970 is due primarily from two areas: increase in property tax revenue and the decrease in operating expenses.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows a condensed view of the net assets as of March 31,:

	<u>2008</u>	<u>2007</u>
Current assets	\$ 334,732	\$ 346,211
Restricted assets	60,445	60,445
Capital assets	<u>679,882</u>	<u>732,881</u>
Total assets	<u>\$ 1,075,059</u>	<u>\$ 1,139,537</u>
Current liabilities	\$ 17,450	\$ 43,889
Noncurrent liabilities	<u>172,689</u>	<u>217,689</u>
Total liabilities	<u>\$ 190,139</u>	<u>\$ 261,578</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 507,193	\$ 479,433
Restricted	60,445	60,445
Unrestricted	<u>317,282</u>	<u>338,081</u>
Total net assets	<u>\$ 884,920</u>	<u>\$ 877,959</u>

Unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$317,282 compared to the end of the previous fiscal year of \$338,081. This is approximately 36% and 39% of the total net assets for governmental activities at March 31, 2008 and 2007 respectively.

The following table shows the changes of the net assets during the year ended March 31,

	<u>2008</u>	<u>2007</u>
Net assets-beginning of year	\$ 877,959	\$ 752,424
Revenue		
Charges for services	25,459	29,540
Property taxes	461,879	441,800
State shared revenues	63,154	59,787
Unrestricted Investment earnings	4,841	7,611
Miscellaneous	5,400	5,016
Grant	<u>1,438</u>	<u>11,592</u>
Total revenues	<u>562,171</u>	<u>555,346</u>
Expenses		
General government	99,355	94,586
Public safety	155,312	137,179
Highways and streets	269,437	159,190
Culture and recreation	750	750
Cemetery	11,501	17,245
Interest on long-term debt	15,841	17,944
Unallocated depreciation	<u>3,014</u>	<u>2,917</u>
Total expenses	<u>555,210</u>	<u>429,811</u>
Change in net assets	<u>6,961</u>	<u>125,535</u>
Net assets - ending	<u>\$ 884,920</u>	<u>\$ 877,959</u>

Capital asset and Debt Administration

As of March 31, 2008, Winsor Township had a total of approximately \$679,882 (net of depreciation) invested in capital assets including land, buildings and equipment. Capital assets decreased from \$732,881 to \$679,882 (net of depreciation) during the year.

Debt service totaled \$96,600 (\$80,759 principal and \$15,841 interest) in the past year on long-term debt with a remaining outstanding balance of \$172,689.

Economic Factors and Next Year's Budgets and Rates

The Township completed the re-paving project of local roads during the past year. With no major road construction projects scheduled for the upcoming year, we plan on replenishing our fund balances for upcoming road construction projects.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to John Walsh, Township clerk, 89 S. Main Street, Pigeon, MI 48755.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF WINSOR

STATEMENT OF NET ASSETS

MARCH 31, 2008

<u>ASSETS</u>	GOVERNMENTAL <u>ACTIVITIES</u>
Cash on hand and in bank	\$ 301,000
Receivables:	
Taxes	20,542
Interest	603
Prepaid expenses	12,587
Cash - restricted	60,445
Capital assets:	
Land and building	470,598
Equipment	725,937
Less: Accumulated depreciation	(516,653)
TOTAL ASSETS	<hr/> 1,075,059
<u>LIABILITIES</u>	
Accounts and payroll withholdings payable	17,450
Note payable - fire truck	172,689
TOTAL LIABILITIES	<hr/> 190,139
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	507,193
Restricted for:	
Perpetual care	60,445
Unrestricted	317,282
TOTAL NET ASSETS	<hr/> \$ 884,920

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008**

		PROGRAM REVENUES			NET (EXPENSE) REVENUES & CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
<u>Governmental Activities</u>					
General government	\$ 99,355				\$ (99,355)
Public safety	155,312	\$ 20,634		\$ 1,438	(133,240)
Highways and streets	269,437				(269,437)
Culture and recreation	750				(750)
Cemetery	11,501	4,825			(6,676)
Interest on long - term debt	15,841				(15,841)
Unallocated depreciation	3,014				(3,014)
Total Governmental Activities	<u>\$ 555,210</u>	<u>\$ 25,459</u>	<u>\$ -</u>	<u>\$ 1,438</u>	<u>(528,313)</u>
General Revenue:					
					461,879
Property taxes					63,154
State shared revenues					4,841
Unrestricted investment earnings					5,400
Miscellaneous					
Total general revenues					<u>535,274</u>
Change in net assets					<u>6,961</u>
Net assets - beginning					877,959
Net assets - ending					<u>\$ 884,920</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

BALANCE SHEET - GOVERNMENTAL FUNDS MARCH 31, 2008

			ROAD	DEBT	TOTAL
<u>ASSETS</u>	<u>GENERAL</u>	<u>CEMETERY</u>	<u>CONSTRUCTION</u>	<u>SERVICE</u>	<u>GOVERNMENTAL FUNDS</u>
Cash on hand and in bank	\$ 301,000				\$ 301,000
Cash in bank - restricted		\$ 60,445			60,445
Receivables:					
Taxes	20,542				20,542
Due from other funds		6,423	\$ 172,981	\$ 7,943	187,347
Interest		603			603
Prepaid expenses	12,587				12,587
TOTAL ASSETS	<u>\$ 334,129</u>	<u>\$ 67,471</u>	<u>\$ 172,981</u>	<u>\$ 7,943</u>	<u>\$ 582,524</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts and payroll withholdings payable	\$ 17,450				\$ 17,450
Due to other funds	187,347				187,347
TOTAL LIABILITIES	<u>204,797</u>				<u>204,797</u>
FUND BALANCES:					
Reserved for perpetual care		\$ 60,445			60,445
Unreserved	129,332	7,026	\$ 172,981	\$ 7,943	317,282
TOTAL FUND BALANCES	<u>129,332</u>	<u>67,471</u>	<u>172,981</u>	<u>7,943</u>	<u>377,727</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 334,129</u>	<u>\$ 67,471</u>	<u>\$ 172,981</u>	<u>\$ 7,943</u>	<u>\$ 582,524</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO GOVERNMENTAL ACTIVITIES NET ASSETS
MARCH 31, 2008**

Total governmental fund balances	\$ 377,727
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$1,196,535 less the accumulated depreciation of \$516,653 and net of related debt of \$172,689	507,193
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Net assets - governmental activities	<u>\$ 884,920</u>
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TOWNSHIP OF WINSOR

**STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2008**

	<u>GENERAL</u>	<u>CEMETERY</u>	<u>ROAD CONSTRUCTION</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE:					
Taxes	\$ 126,170		\$ 276,470	\$ 59,239	\$ 461,879
Intergovernmental revenues	63,154				63,154
Charges for services	20,634	\$ 4,825			25,459
Investment income	2,002	2,839			4,841
Other	-	5,400			5,400
Grant	1,438				1,438
TOTAL REVENUE	<u>213,398</u>	<u>13,064</u>	<u>276,470</u>	<u>59,239</u>	<u>562,171</u>
EXPENDITURES:					
General government	99,355				99,355
Public safety	92,076				92,076
Highways and streets	4,995		264,442		269,437
Culture and recreation	750				750
Capital outlay	13,252				13,252
Principal and interest				96,600	96,600
Cemetery		11,501			11,501
TOTAL EXPENDITURES	<u>210,428</u>	<u>11,501</u>	<u>264,442</u>	<u>96,600</u>	<u>582,971</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>2,970</u>	<u>1,563</u>	<u>12,028</u>	<u>(37,361)</u>	<u>(20,800)</u>
FUND BALANCE - APRIL 1	126,362	5,463	160,953	45,304	338,082
FUND BALANCE - MARCH 31	<u>\$ 129,332</u>	<u>\$ 7,026</u>	<u>\$ 172,981</u>	<u>\$ 7,943</u>	<u>\$ 317,282</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008**

Net change in fund balance - governmental funds	\$ (20,800)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities, assets with an initial, individual cost of more than
\$500 are capitalized and the cost is allocated over their estimated useful
lives and reported as depreciation expense. This is the amount by which
depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 13,252	
Depreciation expense	<u>(66,250)</u>	(52,998)
Repayment of principal of debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		80,759

Change in net assets of governmental activities	<u>\$ 6,961</u>
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TOWNSHIP OF WINSOR

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Township Operations:

The Township is located in Huron County, Michigan, and according to the 2000 census the township has 1,915 residents. It is governed by a five person elected board and provides the following services to its residents: fire protection, highways and streets, cemetery services and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the Township are discussed below.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- The financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

Reporting Entity:

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no organizations that are deemed to be component units of the Township.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Government Wide and Fund Financial Statements:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities by governmental type. The Township's general administrative services, public safety, highways and public improvements and cemetery, are classified as governmental activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Township are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

State revenue sharing, charges for services, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Township reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The Township accounts for the Cemetery and Road Construction in special revenue funds.

Debt Service Fund - Debt Service Fund accounts for the servicing of long-term debt of the Township. Sources of funds for the servicing of the debt include property taxes restricted for debt service.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
(Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans or "advances to/from other funds"). All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables at March 31, 2008 consist of property taxes and interest. Taxes are deemed collectible in full.

Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

TOWNSHIP OF WINSOR

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Capital Assets: (Continued)

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 to 50
Machinery and equipment	5 to 20
Improvements other than buildings	20

Depreciation of capital assets used by governmental funds is charged as an expense against their operations on the Statement of Activities. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation expense for the year ended March 31, 2008 was \$66,250. Capital asset acquisitions in the governmental funds totaled \$13,251 for the year ended March 31, 2008. A summary of Governmental Fund capital assets at March 31, 2008, follows:

	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
Land (Non depreciated)	\$ 32,510	\$ 32,510
Buildings	438,088	429,705
Equipment	725,937	721,069
Less accumulated depreciation	<u>(516,653)</u>	<u>(450,403)</u>
NET GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$679,882</u>	<u>\$732,881</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public Safety	\$ 63,236
Unallocated	<u>3,014</u>
Total depreciation expense – governmental activities	\$ <u>66,250</u>

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Interfund Receivables and Payables:

The Township pools its cash funds into a common demand deposit account for accounting purposes. The interfund receivables and payables represent deposit and disbursement transactions that have been processed for the various funds through the common checking account. At March 31, 2008, the balance of interfund receivables and payables was as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund		\$187,347
Cemetery Fund	\$ 6,423	
Road Fund	172,981	
Debt Retirement	<u>7,943</u>	
Total	<u>\$187,347</u>	<u>\$187,347</u>

NOTE 2 - PENSION PLAN:

During the year ended March 31, 2000, the township adopted a Money Purchase Pension Plan covering all employees, that are age 18, from date of hire. The township contributes 6% of W-2 wages with 100% immediate vesting. Participants in the previous plan rolled over their account balances to the new plan. For the year ended March 31, 2008, total wages and covered wages were \$98,762. Township contributions were \$5,831 and employee contributions were zero. The plan has fully vested assets of \$69,905 at March 31, 2008.

NOTE 3 – BUDGET COMPLIANCE:

In the required supplemental information, the Township's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a line item basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

P.A. 2 of 1968, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. Actual expenditures exceeded budgeted expenditures in the following budgetary funds.

	<u>TOTAL APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
Elections	\$ 1,500	\$ 2,230	\$ (730)
Fire Department	80,125	83,900	(3,775)

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 4 – DETAIL NOTES ON ALL FUNDS:

A. As of March 31, 2008, the Township has a carrying amount of \$361,445 of deposits (cash and deposits) in local banks and the bank balance was \$368,729. Deposits with financial institutions are categorized as follows:

	<u>March 31, 2008</u>
Amount insured by FDIC	\$ 160,445
Uncollateralized	<u>201,000</u>
Total deposits with financial institutions	<u>\$ 361,445</u>

Michigan Compiled Laws Section 129.91 authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase. The Township's deposits are in accordance with statutory authority. The Township's investment policy does not specifically address credit risk, custodial credit risk, interest rate risk, or foreign currency risk in accordance with GASB statement 40.

B. Property taxes are levied based on the taxable value of property located in the Township. Assessed value is established annually and equalized by the State at an estimated 50% of current market value. A comparison of the assessed and taxable property values for the 2007 tax levy is as follows:

	<u>ASSESSED VALUE</u>	<u>TAXABLE VALUE</u>
Real and personal property	\$94,940,300	\$79,556,574
Industrial facilities	<u>5,505,400</u>	<u>5,505,400</u>
TOTAL	<u>\$100,445,700</u>	<u>\$85,061,974</u>

The Township, as a general law Township, is not authorized to levy taxes without a vote. The Huron County Tax Allocation Board in 1960, allocated up to 1.30 mills per \$1,000 of taxable value for general law townships for general operations. For the year ended March 31, 2008, the Township levied 1.2154 mills for general governmental services, 3.5000 mills for roads, and .7500 mills for fire. Total millage levied was 5.4654.

C. Risk Management:

Winsor Township purchased commercial insurance coverage for all general liability coverage, and the Township also purchased commercial insurance coverage for losses related to worker's compensation claims. For the year ended March 31, 2008, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the year or the three prior years.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 5 – LONG-TERM DEBT:

Note payable to Thumb National Bank dated December 9, 2005 maturing in December 2012. This note is due in annual payments of \$51,600 including principal and interest at a fixed rate of 6.25%. The balance of this note on March 31, 2008 was \$172,689. This note is secured by a KME Custom Pumper. The debt will be repaid by a special .75 mill tax levy that expires in 2014.

The following is a summary of the debt of the Township outstanding as of March 31, 2008.

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
KME Custom Pumper	1	6.25%	2012	\$172,689

The following is a summary of debt transactions of the Township for the year ended March 31, 2008:

	<u>Fire Equipment</u>
Note:	
Payable April 1, 2007	\$ 253,448
Retired	<u>(80,759)</u>
Payable March 31, 2008	<u>\$ 172,689</u>

Maturities for the Note Payable	Note Payable
Fiscal Year Ending	<u>Fire Truck</u>
<u>March 31,</u>	<u>Principal</u> <u>Interest</u>
2009	\$ 40,807 \$ 10,793
2010	43,357 8,243
2011	46,067 5,533
2012	<u>42,458</u> <u>2,653</u>
	<u>\$172,689</u> <u>\$27,222</u>

Total interest expense for the Township for the year ended March 31, 2008 was \$15,841.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
TAXES:				
Taxes	\$ 92,000	\$ 92,000	\$ 97,577	\$ 5,577
Administration fees	22,000	22,000	28,593	6,593
TOTAL TAXES	<u>114,000</u>	<u>114,000</u>	<u>126,170</u>	<u>12,170</u>
INTERGOVERNMENTAL:				
State revenue sharing	52,000	52,000	63,154	11,154
TOTAL INTERGOVERNMENTAL	<u>52,000</u>	<u>52,000</u>	<u>63,154</u>	<u>11,154</u>
CHARGES FOR SERVICES	<u>16,100</u>	<u>16,100</u>	<u>20,634</u>	<u>4,534</u>
INTEREST	<u>2,500</u>	<u>2,500</u>	<u>2,002</u>	<u>(498)</u>
OTHER REVENUE	<u>-</u>	<u>1,438</u>	<u>1,438</u>	<u>-</u>
TOTAL REVENUES	<u>184,600</u>	<u>186,038</u>	<u>213,398</u>	<u>27,360</u>
EXPENDITURES:				
General Government				
Elected Officials				
Salaries	3,900	3,900	3,610	290
Payroll taxes	300	300	276	24
Retirement	250	250	230	20
Total Elected officials	<u>4,450</u>	<u>4,450</u>	<u>4,116</u>	<u>334</u>
Supervisor				
Supervisor salary	8,152	8,152	8,112	40
Assessor	10,632	14,860	14,824	36
Payroll taxes	1,440	1,760	1,784	(24)
Travel and seminar	2,000	500	438	62
Retirement	1,130	1,610	480	1,130
Other	1,000	1,000	515	485
Total Supervisor	<u>24,354</u>	<u>27,882</u>	<u>26,153</u>	<u>1,729</u>
Elections				
Salaries	1,000	1,000	971	29
Supplies and expense	500	500	1,259	(759)
Total Elections	<u>1,500</u>	<u>1,500</u>	<u>2,230</u>	<u>(730)</u>

(Continued)

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (Continued)				
Clerk				
Salary	13,405	13,405	13,340	65
Payroll taxes	1,025	1,025	1,021	4
Dues	1,250	1,250	1,159	91
Insurance and bonds	7,800	7,800	7,900	(100)
Office supplies and expense	750	1,750	1,982	(232)
Postage	275	500	511	(11)
Printing and publishing	1,000	1,800	1,871	(71)
Professional fees - audit	1,700	1,700	1,700	-
Professional fees - legal	-	30	30	-
Pension plan fees	1,150	1,273	1,273	-
Retirement	875	950	895	55
Telephone	750	850	837	13
Travel & seminar	250	250	133	117
Utilities & maintenance - Hall	8,000	9,500	8,905	595
Total Clerk	<u>38,230</u>	<u>42,083</u>	<u>41,557</u>	<u>526</u>
Treasurer				
Salary	15,320	15,320	15,209	111
Payroll taxes	1,200	1,200	1,134	66
Retirement	1,000	1,100	884	216
Postage and supplies	1,500	1,575	1,353	222
Tax roll preparation	4,100	4,100	3,904	196
Travel & seminar	500	1,500	1,415	85
Total Treasurer	<u>23,620</u>	<u>24,795</u>	<u>23,899</u>	<u>896</u>
Zoning and Board of Review				
Salaries	1,650	1,650	1,158	492
Supplies and other	250	250	242	8
Total Zoning and Board of Review	<u>1,900</u>	<u>1,900</u>	<u>1,400</u>	<u>500</u>
TOTAL GENERAL GOVERNMENT	<u>94,054</u>	<u>102,610</u>	<u>99,355</u>	<u>3,255</u>
Public Safety:				
Fire Department				
Salaries	35,000	35,000	42,510	(7,510)
Payroll taxes	2,700	2,700	3,137	(437)
Retirement	2,200	2,450	2,400	50
Dues and other expenses	1,000	3,975	3,987	(12)
Fire Hall expense	4,750	8,700	8,957	(257)

(Continued)

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
Public Safety (Continued)				
Insurance	16,500	16,500	13,640	2,860
Gas and oil	1,000	2,500	1,956	544
Maintenance - Equipment	4,000	5,000	4,482	518
Maintenance - Vehicles	4,000	2,500	1,991	509
Telephone - Alarm	700	800	840	(40)
Total Fire Department	<u>71,850</u>	<u>80,125</u>	<u>83,900</u>	<u>(3,775)</u>
 Ambulance Subsidy	 7,000	 8,176	 8,176	 -
Total Public Safety	<u>78,850</u>	<u>88,301</u>	<u>92,076</u>	<u>(3,775)</u>
 Highways and Streets				
Road maintenance	6,150	6,150	4,995	1,155
 Culture and Recreation				
Library and Historical Society	750	750	750	-
 Capital Outlay				
Equipment	2,500	10,725	10,200	525
Grant expenditures - Fire Department	<u>-</u>	<u>3,052</u>	<u>3,052</u>	<u>-</u>
Total Capital Outlay	<u>2,500</u>	<u>13,777</u>	<u>13,252</u>	<u>525</u>
 TOTAL EXPENDITURES	<u>182,304</u>	<u>211,588</u>	<u>210,428</u>	<u>1,160</u>
 EXCESS OF REVENUE OVER EXPENDITURES	<u>2,296</u>	<u>(25,550)</u>	<u>2,970</u>	<u>28,520</u>
 FUND BALANCE - APRIL 1, 2007	 126,362	 126,362	 126,362	
 FUND BALANCE - MARCH 31, 2008	<u><u>\$ 128,658</u></u>	<u><u>\$ 100,812</u></u>	<u><u>\$ 129,332</u></u>	<u><u>\$ 28,520</u></u>

TOWNSHIP OF WINSOR

CEMETERY FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUE:				
Charges for services	\$ 7,100	\$ 4,825	\$ 4,825	\$ -
Investment income	2,740	2,740	2,839	99
Other	5,400	5,400	5,400	-
TOTAL REVENUE	<u>15,240</u>	<u>12,965</u>	<u>13,064</u>	<u>99</u>
EXPENDITURES:				
General government	15,240	13,592	11,501	2,091
TOTAL EXPENDITURES	<u>15,240</u>	<u>13,592</u>	<u>11,501</u>	<u>2,091</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(627)</u>	<u>1,563</u>	<u>2,190</u>
FUND BALANCE - APRIL 1, 2007	5,463	5,463	5,463	
FUND BALANCE - MARCH 31, 2008	<u>\$ 5,463</u>	<u>\$ 4,836</u>	<u>\$ 7,026</u>	<u>\$ 2,190</u>

TOWNSHIP OF WINSOR
ROAD CONSTRUCTION FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Taxes	\$ 260,000	\$260,000	\$276,470	\$ 16,470
TOTAL REVENUE	<u>260,000</u>	<u>260,000</u>	<u>276,470</u>	<u>16,470</u>
EXPENDITURES:				
Road construction	250,000	264,500	264,442	58
TOTAL EXPENDITURES	<u>250,000</u>	<u>264,500</u>	<u>264,442</u>	<u>58</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>10,000</u>	<u>(4,500)</u>	<u>12,028</u>	<u>16,528</u>
FUND BALANCE - APRIL 1, 2007	160,953	160,953	160,953	
FUND BALANCE - MARCH 31, 2008	<u>\$ 170,953</u>	<u>\$156,453</u>	<u>\$172,981</u>	<u>\$ 16,528</u>

TOWNSHIP OF WINSOR
DEBT SERVICE FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUE:				
Taxes	\$ 57,000	\$ 57,000	\$ 59,239	\$ 2,239
TOTAL REVENUE	<u>57,000</u>	<u>57,000</u>	<u>59,239</u>	<u>2,239</u>
EXPENDITURES:				
Bond principal payments	80,759	80,759	80,759	-
Interest and paying agent fees	15,841	15,841	15,841	-
TOTAL EXPENDITURES	<u>96,600</u>	<u>96,600</u>	<u>96,600</u>	<u>-</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>(39,600)</u>	<u>(39,600)</u>	<u>(37,361)</u>	<u>2,239</u>
FUND BALANCE - APRIL 1, 2007	45,304	45,304	45,304	
FUND BALANCE - MARCH 31, 2008	<u>\$ 5,704</u>	<u>\$ 5,704</u>	<u>\$ 7,943</u>	<u>\$ 2,239</u>

SUPPLEMENTAL INFORMATION

TOWNSHIP OF WINSOR

**TAX COLLECTION AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2008**

<u>ASSETS</u>	<u>BALANCE APRIL 1, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE MARCH 31, 2008</u>
Cash in bank	\$ 2,083	\$2,471,369	\$ 2,470,698	\$ 2,754
TOTAL ASSETS	<u>\$ 2,083</u>	<u>\$2,471,369</u>	<u>\$ 2,470,698</u>	<u>\$ 2,754</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Due to Huron County	\$ -	\$ 958,160	\$ 958,160	\$ -
Due to schools	-	942,897	942,897	-
Due to library	-	75,384	75,384	-
Due to other funds	-	494,257	494,257	-
TOTAL LIABILITIES	<u>-</u>	<u>2,470,698</u>	<u>2,470,698</u>	<u>-</u>
FUND BALANCE	2,083	671	-	2,754
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,083</u>	<u>\$2,471,369</u>	<u>\$ 2,470,698</u>	<u>\$ 2,754</u>

TOWNSHIP OF WINSOR

**TAX COLLECTION AGENCY FUND
SCHEDULE OF ADDITIONS AND DEDUCTIONS
YEAR ENDED MARCH 31, 2008**

ADDITIONS:

Current property tax	\$ 2,450,156
County revolving fund	20,542
Interest	671

TOTAL ADDITIONS

2,471,369

DEDUCTIONS:

Huron County	481,825
Huron County - SET	476,335
Huron Intermediate School District	357,983
EPBP Laker School	584,914
Pigeon District Library	75,384
Township allocated	121,050
Township roads	276,470
Township fire Hall	59,238
Drains at large	37,499

TOTAL DEDUCTIONS

2,470,698

NET ADDITIONS OVER DEDUCTIONS

\$ 671



Partners: Donald C. Faupel, CPA Jeffrey P. Bushey, CPA
Consultant: Allan W. Nietzke, CPA
Principals: Eugene R. Gascho, COO
Brian V. Hazard, CPA JoAnn E. Lakie, CPA

Members of: Michigan Association of Certified Public Accountants • American Institute of Certified Public Accountants

CPA's On Your Team

To the Township Board Members
Township of Winsor
Huron County, Michigan

In planning and performing our audit of the financial statements of the governmental activities of the Township of Winsor as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Winsor's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal controls.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

We noted that duties involving cash receipts are combined whereby one person is completely responsible for the entire cash receipts process. To improve the internal controls over cash receipts, we recommend that the Township of Winsor establish new procedures for handling incoming checks. We recommend that one person, independent of the accounting records, open the mail and restrictively endorse all incoming checks. This person should keep a daily log of all incoming checks. Copies of the checks should be forwarded to the appropriate person for processing and recording in the accounting system and for timely deposit. A third person should periodically compare and contrast deposit slips to the daily log of incoming checks to ensure that all the receipts were deposited. By segregating the cash handling, recording, and depositing functions, the Township of Winsor will be able to more accurately track all incoming checks and strengthen the system of internal controls over cash receipts.

This communication is intended solely for the information and use of management, the Township of Winsor, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Nietzke & Faupel, PC

Nietzke & Faupel, P.C.
Pigeon, Michigan

July 2, 2008

Circular 230 Disclosure: To the extent the above contains an opinion on one or more federal tax issues, such opinion was not written to be used and cannot be used for the purpose of avoiding penalties.